

Testimony Supporting

H.B. No. 5403: An Act Establishing a Child Tax Credit Against the Personal Income Tax

S.B. 383: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit

03/15/2022

Dear Senator Fonfara, Representative Scanlon, Senator Martin, Representative Cheeseman, and members of the Finance, Revenue and Bonding Committee:

My name is Caroline Tanbee Smith and I am a resident of the City of New Haven.

I am testifying in support of both H.B. No. 5403: An Act Establishing a Child Tax Credit Against the Personal Income Tax and S.B. 383: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit.

For my day job, I work for an organization that supports aspiring entrepreneurs right here in Connecticut. One of the reasons that gets me up in the morning is working towards a vision where, if an individual has a brilliant idea and the will and desire to start something, they should have a pathway in this state to build a business that builds wealth for themselves and their families, creates local jobs, and impacts the neighborhood they call home.

Through working with entrepreneurs, I see first hand the challenges standing in the way of that vision. Entrepreneurs have to ask questions like:

- Do we have enough money saved in the bank account to try something new like entrepreneurship?
- Can I purchase a computer to fill out critical applications or apply for funding?
- Do I have the funds to afford childcare to make sure that my kids have what they need?

It is clear every single day the role that essential, foundational needs of a household — such as housing, childcare, and food — have on an entrepreneur's ability to build a sustained business. It's powerful to imagine the ways in which the Child Tax Credit combined with the Earned Income Tax Credit could have a strong impact on an individual and family's ability to have more autonomy, choice, and ownership in their lives. With hardworking families and aspiring entrepreneurs having more money in the bank account, they could have more income to buffer, save, and invest in the ability to start a business (from local retail spots to restaurants to scalable ventures).

Entrepreneurship can be seen as the ability to create economic or social value by taking a risk on behalf of the community. With policies like Child Tax Credit and the Earned Income Tax Credit, more take home pay mitigates the risk for a potential entrepreneur to be able to build stable and sustained businesses that employ their neighbors, provide important goods and services, and become spaces for building safe and healthy communities.

For these reasons and more, I urge the committee to pass both H.B. No. 5403: An Act Establishing a Child Tax Credit Against the Personal Income Tax and S.B. 383: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit. Thank you for considering, reading, and listening.

Sincerely,

A handwritten signature in black ink, appearing to read 'Caroline', with a large, stylized initial 'C' and a trailing flourish.

Caroline Tanbee Smith